

# STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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Hon. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

FCC MAIL ROOM

Re: In the Matter Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network -- CC Docket No. 95-115

Dear Secretary Caton:

Enclosed are an original and nine copies of the comments of the New York State Department of Public Service in the above-referenced proceeding.

Respectfully submitted,

*Mary E. Burgess*

Mary E. Burgess  
Staff Counsel

Enclosure

MEB:ay:Caton115.Ltr

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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SEP 27 1995

In the Matter of

FCC MAIL ROOM

Amendment of the Commission's )  
Rules and Policies to Increase )  
Subscribership and Usage of the )  
Public Switched Network )

CC Docket No. 95-115

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COMMENTS OF THE NEW YORK STATE  
DEPARTMENT OF PUBLIC SERVICE

INTRODUCTION

The New York State Department of Public Service (NYSDPS) submits these comments in response to the Notice of Proposed Rulemaking (NPRM) on telephone subscribership released July 20, 1995. The NYSDPS agrees that increasing telephone subscribership is consistent with the goal of universal service. In 1992, the New York Public Service Commission (New York PSC) adopted rules similar to those proposed in the NPRM which prohibit the disconnection of local service for non-payment of charges for toll and other non-basic services in order to increase subscribership and promote universal service objectives.

It is not clear, however, that mandated national solutions will be as effective as state policies which are tailored to reflect conditions within a particular state. Therefore, we encourage the Commission to collaborate with the states to examine more closely those factors accounting for low levels of telephone subscribership in certain geographic areas and among certain demographic groups.

I. FEDERAL-STATE COLLABORATION IS THE BEST MEANS  
TO ADDRESS TELEPHONE SUBSCRIBERSHIP ISSUES

The NYSDPS shares the Commission's concerns regarding telephone subscribership levels in certain geographic areas and among certain demographic groups. The New York PSC is also examining universal service issues in the context of its current local competition proceeding ("Competition II").<sup>1/</sup> While approximately 95% of households in New York subscribe to telephone service, there are areas within the State that have disturbingly low levels of subscribership. According to U.S. Census Bureau statistics, the two counties in New York with the lowest percentage of households subscribing to telephone service are in the Bronx (87.5%) and Brooklyn (91%).<sup>2/</sup> A closer examination reveals telephone subscribership levels below 75% in certain communities within these boroughs. A total of eight communities in New York City have telephone subscribership levels below 80%.<sup>3/</sup>

Additionally, NYSDPS analysis undertaken in the context of our Competition II proceeding reveals that telephone subscribership levels are lower among minority groups and

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<sup>1/</sup> Case 94-C-0095 - Proceeding on Motion of the Commission to Examine Issues Related to the Continuing Provision of Universal Service and to Develop a Framework for the Transition to Competition in the Local Exchange Market, Issued February 10, 1995.

<sup>2/</sup> Detailed Housing Characteristics, U.S. Bureau of the Census, 1990CH-2-34, 1993.

<sup>3/</sup> New York City Household Penetration Study, New York City Department of Telecommunications and Energy, November 1993.

households occupied by renters. It is interesting to note, however, that income alone does not appear to account for these findings. There does not appear to be a direct correlation between income levels and penetration levels. In addition, counties with relatively low penetration levels are interspersed throughout the state, indicating that low subscribership is not an issue limited to New York City.<sup>1/</sup>

These statistics reveal the need for a closer examination of those factors accounting for low levels of telephone subscribership in certain geographic areas and among certain demographic groups. Historically, the Commission and the states have addressed universal service issues of mutual interest (e.g., separations, subscriber line charge, high cost fund, Lifeline and Link-Up programs) through a Federal-State Joint Board.

Similarly, with regard to telephone subscribership levels, the NYSDPS favors a collaborative federal-state approach to the issue, rather than an approach which relies on mandated national solutions. The collaborative approach is the best means to take advantage of the variety of innovative ways that states are addressing universal service issues. The focus on "states as laboratories" is particularly valuable given that many states, including New York, are currently addressing universal service issues in the context of local competition proceedings.

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<sup>1/</sup> Case 94-C-0095, "Universal Service Issues: A Draft Staff Report in Module 1." Released May 16, 1995.

II. NEW YORK HAS ADOPTED A VARIETY OF MEASURES  
TO INCREASE TELEPHONE SUBSCRIBERSHIP

The Commission seeks comment on a number of proposals to increase the level of telephone subscribership. The proposals include prohibiting the disconnection of local service for nonpayment of interstate toll charges, requiring LECs to offer voluntary blocking and other long distance call restriction services, expanding the Lifeline and Linkup programs to provide additional assistance with connection charges and deposits, and offering services (e.g., voice mailboxes, pre-paid long distance calling cards) targeted to low income populations that are highly mobile.

The NYSDPS supports policies which prohibit the disconnection of local service for non-payment of non-basic services, including toll. Since 1992, New York has prohibited the disconnection of local service for non-payment of toll charges, as well as for non-payment of charges associated with non-basic services.<sup>1/</sup> Non-payment for non-basic services may result, however, in blocking or denying those services by a local exchange carrier (LEC). A LEC may not restrict a customer's ability to access emergency services (dialing either "911" or an operator). These policies ensure that basic service may be disconnected only for non-payment of basic service charges.

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<sup>1/</sup> Case 90-C-1148 - In the Matter of Rules & Regulations of the PSC Contained in 16 NYCRR, Chapter VI, Telephone and Telegraph Corporations -- Amendment to Subchapter A, Service, by the Addition of a New Part 606 - Billing & Collection Service, Issued and Effective August 7, 1992

In connection with the establishment of these policies, bill payment categories were established by the LECs operating within the state. These categories rank the order in which customer payments will be allotted among basic and non-basic services. For NYNEX, the categories are: 1) Basic local service; 2) LEC IntraLATA toll & interregion calling; 3) Non-basic LEC services (e.g., custom calling services); and 4) All other services (e.g., IXC, information provider). For all other local exchange carriers, there are three billing categories: 1) Basic local service; 2) LEC intraLATA toll and non-basic LEC services; and 3) All other services.

Partial payments are applied first toward basic local service and last to interLATA toll charges (both intrastate and interstate). Since New York adopted its non-disconnect policies in 1992, it appears that fewer customers are having their basic service disconnected. At the same time, the establishment of billing categories also has exposed some potential differences among customers in the value they place on retaining their non-basic services.

Anecdotal information suggests that while NYNEX customers appear to place a greater importance on retaining toll service (perhaps due to larger calling areas), the customers of Rochester Telephone Company act more quickly to pay arrears for restoration of category two services (i.e., non-basic LEC services or enhanced services such as call waiting) than for toll service. These differences suggest that factors other than high

toll charges may influence a customer's decision whether or not to stay on the public network. Thus, mandating a single, nationwide disconnect policy for non-payment of interstate toll charges may not be as effective in increasing telephone subscribership as state policies which are tailored to reflect conditions within a particular state.

Regarding the proposal to require that LECs offer voluntary customer toll restrict service, no such requirement currently exists in New York. Nonetheless, several LECs provide voluntary toll restrict service upon a customer's request. We agree that customers should not be required to pay high monthly charges for voluntary toll restrict service, but collaboration between the Commission and the states would be the most effective means of implementing this solution.

The Commission also proposes to require local exchange carriers to adjust their deposit requirements for low-income subscribers volunteering to subscribe to toll restriction service. In New York, LECs may not require deposits from any residential customer, except from seasonal or short-term customers who are delinquent in their residential service payments.<sup>1/</sup> Thus, any FCC requirement to link deposit requirements with customers' accepting interstate toll restriction service should not supersede New York's general prohibition on deposit requirements for customers with good payment habits.

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<sup>1/</sup> 16 NYCRR, Part 633.9(b) and (c).

The Commission seeks comment on expanding the federal Lifeline program. In New York, the NYSDPS recently developed an agreement with NYNEX, the New York State Department of Social Services, and the New York City Community Development Agency to automatically enroll eligible households receiving public assistance in the Lifeline program. A similar agreement exists for customers of Rochester Telephone Corporation. These agreements validate the eligibility of current Lifeline subscribers, automatically enroll telephone subscribers who qualify for Lifeline, and remove those no longer eligible. In addition, the Department of Social Services notifies Lifeline-eligible households that do not currently subscribe to telephone service about the Lifeline program. Early results from this expanded Lifeline program show that approximately 7,000 New Yorkers without telephone service requested Lifeline service after being informed of their eligibility.

#### CONCLUSION

As a policy matter, the disconnection of local service for non-payment of interstate toll charges is consistent with rules adopted in New York in 1992. However, mandated national solutions may not be as effective in addressing telephone subscribership as are state policies tailored to reflect conditions within a particular state. Therefore, we encourage the Commission to collaborate with the states to examine more closely those factors accounting for low levels of telephone



subscribership in certain geographic areas and among certain demographic groups.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Maureen O. Helmer".

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Mary E. Burgess  
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Dated: September 25, 1995

CC Docket No. 95-115

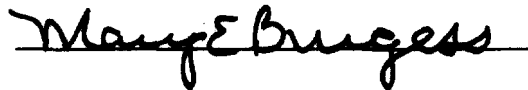
In the Matter of

Amendment of the Commission's Rules and  
Policies to Increase Subscribership and  
Usage of the Public Switched Network

Comments of New York State  
Department of Public Service

CERTIFICATE OF SERVICE

I, Mary E. Burgess, hereby certify that an original and nine copies of comments in the above-captioned proceeding were sent via Airborne Express to Mr. Caton, and by first class United States mail, postage prepaid, to all parties on the attached service list.



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